

NOTICE OF PROPOSED CHANGES IN REGULATIONS OF THE  
CALIFORNIA DEPARTMENT OF SOCIAL SERVICES (CDSS)

ITEM # 3      CalWORKs Earned Income Disregards for Determining Eligibility and Grant  
Amounts for Recipients

The CDSS hereby gives notice of the proposed regulatory action(s) described below. Any person interested may present statements or arguments orally or in writing relevant to the proposed regulations at a public hearing to be held August 29, 2012, as follows:

Office Building # 8  
744 P St. Room 103  
Sacramento, California

The public hearing will convene at 10:00 a.m. and will remain open only as long as attendees are presenting testimony. The purpose of the hearing is to receive public testimony, not to engage in debate or discussion. The Department will adjourn the hearing immediately following the completion of testimony presentations. The above-referenced facility is accessible to persons with disabilities. If you are in need of a language interpreter at the hearing (including sign language), please notify the Department at least two weeks prior to the hearing.

Statements or arguments relating to the proposals may also be submitted in writing, e-mail, or by facsimile to the address/number listed below. All comments must be received by 5:00 p.m. on August 29, 2012.

Following the public hearing, CDSS may thereafter adopt the proposals substantially as described below or may modify the proposals if the modifications are sufficiently related to the original text. With the exception of nonsubstantive, technical, or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption to all persons who testify or submit written comments during the public comment period, and all persons who request notification. Please address requests for regulations as modified to the agency representative identified below.

Copies of the express terms of the proposed regulations and the Initial Statement of Reasons are available from the office listed below. This notice, the Initial Statement of Reasons and the text of the proposed regulations are available on the internet at <http://www.dss.cahwnet.gov/ord>. Additionally, all the information which the Department considered as the basis for these proposed regulations (i.e., rulemaking file) is available for public reading/perusal at the address listed below.

Following the public hearing, copies of the Final Statement of Reasons will be available from the office listed below.

CONTACT: Office of Regulations Development  
California Department of Social Services  
744 P Street, MS 8-4-192  
Sacramento, California 95814  
TELEPHONE: (916) 657-2586      FACSIMILE: (916) 654-3286  
E-MAIL: [ord@dss.ca.gov](mailto:ord@dss.ca.gov)

## CHAPTERS

CDSS Manual of Policies and Procedures (MPP), Eligibility and Assistance Standards Manual, Chapter 40-100 (General), Section 40-105 (Applicant and Recipient Responsibility); Chapter 44-100 (Income), Sections 44-111 (Payments Excluded or Exempt from Consideration as Income), 44-113 (Net Income) and 44-133 (Treatment of Income - CalWORKs); Chapter 44-300 (Aid Payments), Section 44-315 (Amount of Aid); Chapter 89-200 (Minor Parent), Section 89-201 (Minor Parent Requirement).

## INFORMATIVE DIGEST

Existing law provides for the California Work Opportunity and Responsibility to Kids (CalWORKs) program under which, through a combination of state and county funds and federal funds received through the Temporary Assistance for Needy Families (TANF) program, each county provides cash assistance and other benefits to qualified low-income families. To qualify for the program, a family's total net nonexempt income must be below a certain dollar amount. In calculating that net income, a portion of earned income is disregarded.

Existing law establishes maximum aid grant amounts to be provided under the CalWORKs program, subject to specified adjustments. Existing law reduces the maximum aid payments in effect on September 1, 2007, by 4%, commencing July 1, 2009. SB 72 reduces the maximum aid payments in effect on July 1, 2009, by an additional 8%, and authorized implementation of this reduction by all-county letters or similar instructions from the CDSS, pending the adoption of regulations, as specified.

Existing law provides that certain amounts are exempt from the calculation of income of the family for purposes of determining financial eligibility for the CalWORKs program. These exempt amounts include \$225 of disability-based unearned income, and an amount of otherwise exempt earned income as specified. SB 72 revises the above earned income calculation when the amount of disability-based unearned income is less than \$225, to exempt the total amount of the disability-based unearned income plus the lesser of (1) \$112 of earned income that is not otherwise exempt, or (2) the amount of otherwise nonexempt earned income that represents the difference between the amount of unearned disability-based income and \$225 (up to \$112), and 50% of any additional earned income.

The Manual of Policies and Procedures (MPP) is being amended to mirror changes made to the Earned Income Disregard (EID) implemented by SB 72. The MPP contains several handbook sections with examples of application of the income disregards in determining eligibility and aid payment levels. These handbook sections and examples are being updated with the revised method for calculating net income based upon Welfare and Institutions Code Section 11451.5, the applicable current Maximum Aid Payment (MAP) levels in Welfare and Institutions Code Sections 11450 and 11453(c)(6), and the Minimum Basic Standard of Adequate Care (MBSAC) levels as determined per Welfare and Institutions Code Section 11453.

The benefits of the regulatory action to the health and welfare of California residents, worker safety, and the state's environment are as follows:

- Counties are allowed more effective utilization of limited resources for CalWORKs services and provides counties additional flexibility to address funding constraints due to the continued reduction to the State General Fund and the CalWORKs single allocation.

The CDSS finds that these proposed regulations are compatible and consistent with the intent of the Legislature as well as with existing state regulations.

#### **COST ESTIMATE**

1. Costs or Savings to State Agencies: These proposed regulations will save approximately \$5,587,000 FY 2011-12, and \$6,172,000 annually and ongoing beginning FY 2012-13.
2. Costs to Local Agencies or School Districts Which Must Be Reimbursed in Accordance With Government Code Sections 17500 - 17630: None
3. Nondiscretionary Costs or Savings to Local Agencies: These proposed regulations will save approximately \$1,998,000 in FY 2011-12, and \$2,149,000 million in FY 2012-13 and ongoing annually.
4. Federal Funding to State Agencies: These proposed regulations will save approximately \$76,768,000 in FY 2011-12, and \$89,570,000 annually and ongoing beginning FY 2012-13.

#### **LOCAL MANDATE STATEMENT**

These regulations do impose a mandate on local agencies, but not on school districts. If the Commission on State Mandates determines that these regulations contain reimbursable costs mandated by the state, reimbursement to local agencies for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

#### **STATEMENT OF SIGNIFICANT ADVERSE ECONOMIC IMPACT ON BUSINESS**

CDSS has made an initial determination that the proposed action will not have a significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states. This determination was made because this regulatory action only affects CalWORKs recipients who qualify for Earned Income Disregards.

#### **STATEMENT OF POTENTIAL COST IMPACT ON PRIVATE PERSONS OR BUSINESSES**

The CDSS is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

#### **SMALL BUSINESS IMPACT STATEMENT**

CDSS has determined that there is no impact on small businesses as a result of filing these regulations because these regulations are only applicable to state and county agencies.

#### **STATEMENT OF RESULTS OF ECONOMIC IMPACT ASSESSMENT**

The adoption of the proposed amendments will neither create nor eliminate jobs in the State of California nor result in the elimination of existing businesses or create or expand businesses in the State of California.

The benefits of the regulatory action to the health and welfare of California residents, worker safety, and the state's environment are as follows:

- Counties are allowed more effective utilization of limited resources for CalWORKs services and provides counties additional flexibility to address funding constraints due to the continued reduction to the State General Fund and the CalWORKs single allocation.

#### STATEMENT OF EFFECT ON HOUSING COSTS

The proposed regulatory action will have no effect on housing costs.

#### STATEMENT OF ALTERNATIVES CONSIDERED

In developing the regulatory action, CDSS did not consider any other alternatives than the one proposed because there were no other alternatives proposed.

CDSS must determine that no reasonable alternative considered or that has otherwise been identified and brought to the attention of CDSS would be more effective in carrying out the purpose for which the regulations are proposed or would be as effective as and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

#### AUTHORITY AND REFERENCE CITATIONS

CDSS adopts these regulations under the authority granted in Section 10553 and 10554 of the Welfare and Institutions Code and Senate Bill 72 (Ch. 8, Statutes of 2011) Section 42. Subject regulations implement and make specific sections 11450, 11451.5 and 11453, Welfare and Institution Code.

#### CDSS REPRESENTATIVE REGARDING THE RULEMAKING PROCESS OF THE PROPOSED REGULATION

Contact Person:	Gladine Pittman	(916) 657-2586
Backup:	Zaid Dominguez	(916) 657-2586